

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /090 R

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FM SECSTATE WASHDC

TO AMEMBASSY VIENTIANE PRIORITY

INFO AMEMBASSY BANGKOK

LIMITED OFFICIAL USE STATE 048292

E.O. 11652: N/A

TAGS: PFOR, EGEN, LA US

SUBJECT: GENERALIZED SYSTEM OF PREFERENCES (GSP): EXCLUSION
OF LAOS

REF: STATE 047135

1. DEPARTMENT DELIVERED THE FOLLOWING NOTE TO THE LAO
EMBASSY TODAY (FEBRUARY 27):

"THE DEPARTMENT OF STATE OF THE UNITED STATES OF AMERICA
PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE PEOPLES
DEMOCRATIC REPUBLIC OF LAOS AND HAS THE HONOR TO REFER TO
THE LISTING OF LAOS AS A BENEFICIARY DEVELOPING COUNTRY
UNDER THE TRADE ACT OF 1974, A UNITED STATES STATUE.

"SECTION 504(B) OF THIS ACT REQUIRES THE PRESIDENT OF THE
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UNITED STATES TO WITHDRAW OR SUSPEND THE DESIGNATION OF

ANY COUNTRY AS A BENEFICIARY DEVELOPING COUNTRY IF AFTER SUCH DESIGNATION, HE DETERMINES THAT AS A RESULT OF CHANGED CIRCUMSTANCES SUCH COUNTRY WOULD BE BARRED FROM DESIGNATION AS A BENEFICARY DEVELOPING COUNTRY UNDER SECTION 502(B).

THUS, AS A RESULT OF THE CHANGED CIRCUMSTANCES IN LAOS, THAT COUNTRY IS NO LONGER ELIGIBLE FOR DESIGNATION AS A BENEFICIARY DEVELOPING COUNTRY UNDER THE TRADE ACT REFERRED TO ABOVE. (COMPLIMENTARY CLOSE)"

2. DEPARTMENT PRESS SPOKESMAN WAS GIVEN FOLLOWING GUIDANCE FOR USE ON "IF ASKED" BASIS. SO FAR PRESS HAS GIVEN ONLY MINIMAL ATTENTION TO THE STORY; A SHORT, STRAIGHT-FORWARD REUTERS ARTICLE APPEARED IN TODAY'S WASHINGTON POST. THE SUBJECT WAS NOT RAISED AT FEBRUARY 27NOON PRESS BRIEFING. BEGIN TEXT.

"QUESTION: WHAT DOES THE WITHDRAWAL OF TRADE PREFERENCES FOR LAOS MEAN?

ANSWER: IN PRACTICAL TERMS, VERY LITTLE, THE VOLUME OF TRADE BETWEEN THE U.S. AND LAOS HAS NEVER AMOUNTED TO MUCH, FOR INSTANCE, IN 1974, IT WAS ONLY APPROXIMATELY 11,000 DOLLARS.

QUESTION: WHY CUT OFF TRADE PREFERENCES NOW?

ANSWER: THE ACTION IS REQUIRED BY LAW. THE TRADE ACT OF 1974 (SECTION 502(B)) REQUIRES THE EXCLUSION OF COMMUNIST COUNTRIES,

QUESTION: WHY WAS THE DETERMINATION MADE NOW? IS THERE ANY SPECIAL SIGNIFICANCE IN THE TIMING OF THIS?

ANSWER: THERE IS NO SPECIAL SIGNIFICANCE IN THIS. THE LAO COALITION GOVERNMENT, WHICH HAD INCLUDED BOTH COMMUNIST AND NON-COMMUNIST POLITICAL FACTIONS WAS DIS-SOLVED IN DECEMBER AND THE COMMUNIST FACTION (PATHET LAO OR LAO PATRIOTIC FRONT) UNDER THE LEADERSHIP OF THE LAO LIMITED OFFICIAL USE

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PEOPLE'S REVOLUTIONARY PARTY HAS ASSUMED COMPLETE CONTROL.

QUESTION: HOW DO RELATIONS WITH LAOS STAND THESE DAYS?

ANSWER: WE HAVE MAINTAINED DIPLOMATIC RELATIONS WITH LAOS THROUGHOUT ALL THE CHANGES WHICH HAVE TAKEN PLACE IN THE LAST YEAR. WE CONTINUE TO HAVE A SMALL EMBASSY

IN VIENTIANE. WHILE THERE ARE A NUMBER OF OUTSTANDING
ISSUES WHICH NEED TO BE SETTLED BETWEEN US, I WOULD
CHARACTERIZE OUR RELATIONS AS CORRECT.

QUESTION: HAS THE LAO GOVERNMENT BEEN INFORMED OF THIS
ACTION?

ANSWER: WE ARE INFORMING THE LAO EMBASSY HERE OF IT
TODAY. INGERSOLL

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